CAPPS
CITIZENS ALLIANCE ON
PRISONS & PUBLIC SPENDING

Senate Committee on Michigan Competitiveness
May 26, 2016

Criminal Justice Reform Bills
SB 936

Good morning Chairman Shirkey and members of the committee. I'm still Barbara Levine, the associate director of CAPPS, and I appreciate the opportunity to speak with you again.

Last week I talked a bit about SB 935, which provides financial incentives to MDOC Field Operations Administration regions that reduce their probation and parole revocations by 10 percent. I expressed some confusion about the Department entering into incentive agreements with its own subdivisions.

Since then we found a Nov. 2012 report from the VERA Institute of Justice called *Performance Incentive Funding: Aligning Fiscal and Operational Responsibility to Produce More Safety at Less Cost*. We brought this to the attention of Sens. Shirkey and Proos yesterday but I'd like to briefly share it with all the members of the committee because I think it has relevance for both SB 935 and SB 936. The full report can be found at: http://www.vera.org/pubs/performance-incentive-funding. The two-page summary is attached to my testimony.

Performance Incentive Funding (PIF) programs are designed to persuade local decision-makers to keep more offenders under community supervision instead of sending them to prison. VERA discussed the misaligned incentives that occur because the state bears the cost of incarcerating people in prison while local agencies bear the responsibility for deciding whether to send someone to prison and the cost of keeping them in the community. This actually encourages local authorities to revoke the probation of supervision violators and place them in state custody, contributing substantially to prison population growth and prison costs.

Researchers examined the PIF legislation enacted in eight states (Arkansas, California, Illinois, Kansas, Kentucky, Ohio, South Carolina and Texas) and found the results encouraging. The concept has three components:

1. Persuade community agencies to adopt the evidence-based practices known to improve offender success.

2. Measure the outcomes in terms of both reduced revocations and increased public safety.
3. Reward the participating agencies with a percentage of prison costs saved.

Michigan has long used financial incentives to persuade communities to keep prisoners in local jails rather than sending them to prison. In FY 2016, $13,597,100 was appropriated for the County Jail Reimbursement Act and $1,440,100 was appropriated for the Felony Drunk Driver and Community Treatment Program. These programs are not tied in any way to offender success. They are simply diversion programs with reimbursement for the cost of jail beds.

Both SB 936 and SB 935 have aspects of PIF but differ from the model in major ways.

As I just mentioned, SB 935, provides incentives for success but the rewards do not go to local agencies. They go to the MDOC's own Field Operations regions. That is, increased state funding would be allocated within the MDOC budget in order to promote revocation-reduction programs. Because in Michigan, unlike many states, the salaries of both probation and parole officers are in the MDOC budget, this funding could affect probation supervision as well as parole. But it would not supplement or replace any current local expenditures.

SB 936 requires both the MDOC and any local agencies that receive state funding to implement evidence-based practices exclusively within four years. It requires the use of risk assessment instruments, the development of individual case plans for offenders, the use of evidence-based programs, intensive staff training, the adoption of evaluation protocols and extensive reporting, all of which would require substantial resources. However it provides no funding for implementation and no reward for success. The only incentive is the threat of losing funding for non-compliance.

The bills are also not keyed to the amount of prison costs saved as PIF legislation is.

We strongly support efforts to reduce probation and parole revocations by increasing offender success. And we think that appropriately managed financial incentives are a promising way to go. When local jurisdictions take the responsibility for helping people avoid prison sentences, it's only fair that they should share in the savings.

SB 936 presents very desirable goals. But Michigan has a complex funding structure that mixes both resources and decision-making responsibility at the state and local levels. With the range of agencies and programs all around the state that receive state funding, the logistics and costs of implementation and oversight would be enormously complicated. And there are no positive financial incentives.

We would strongly advocate delaying any implementation of this ambitious plan until stakeholders can systematically map out who would be affected, what resources would be required, how compliance would be monitored, what the costs would be and to what extent we can learn from the experience of other states with performance incentive funding.

Thank you for considering these remarks.

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